

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EUR-12 ACDA-05 ERDA-05 EB-07

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P R 231630Z JUL 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 518

INFO AMEMBASSY MEXICO CITY

AMEMBASSY CARACAS

AMEMBASSY PANAMA CITY

AMEMBASSY SAN JOSE

AMEMBASSY BUENOS AIRES

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E.O.11652: N/A

TAGS: ECIN, ENRG, ETRD, EINV, BR, VE, MX, PE, XM

SUBJECT: VISITS TO BRAZIL BY MEXICAN, VENEZUELAN, AND PERUVIAN

MINISTER - PROSELYTIZING FOR SELA

REF: A. LA PAZ 4970

B. MONTEVIDEO 2427

C. CARACAS 7073

D. BRASILIA 5647

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E. MEXICO CITY 6072

F. BRASILIA 3290

G. BRASILIA 5986 (PARA 6)

1. SUMMARY: LAST WEEK SAW TWO CONCURRENT MINISTERIAL VISITS TO BRASILIA PARTLY RELATED TO SELA. A THIRD VISIT COMES THIS WEEK. MEXICO'S MINISTER OF PATRIMONY ALEJO MADE A LITTLE-PUBLICIZED ONE-DAY VISIT TO BRASILIA TO CLARIFY SOME ISSUES RELATED TO SELA AND COLLECT INFORMATION ON THE GERMAN NUCLEAR AGREEMENT. VENEZUELA'S FONMIN EXCOVAR SALO M MADE A FOUR-DAY OFFICIAL VISIT DEVOTED TO BILATERAL ECONOMIC COOPERATION AND A DISCUSSION OF SELA. A MIXED COMMISSION FOR ECONOMIC AND TECHNICAL COOPERATION WAS ESTABLISHED. THIS WEEK PERU'S FONMIN MIGUEL ANGEL DE LA FLOR VALLE WILL COME TO TALK ABOUT SELA, OAS, AND OTHER ISSUES. MOST OF THE PRESS ATTENTION SURROUNDING THE ALEJO AND ESCOVAR SALOM VISITS WAS DEVOTED TO SELA'S PANAMA CITY MEETING, TO THE GOB'S CONCERN THAT SELA NOT CONFRONT THE US, TO SELA'S PRESENT EMBRYONIC STAGE, AND TO A PROMINENT ARENA SENATOR'S COMMENT THAT SELA WOULD HELP DEFEND LA RAW MATERIALS EXPORTS. FONMIN OFFICIALS TOLD ECONOFF THAT THE GOB WOULD PREFER TO DISCUSS IDEA SIN PANAMA CITY, WITH SELA'S FORMATION TO COME LATER. EMBASSY BELIEVES THAT BRAZIL'S ROLE IN SELA'S FORMATION WILL BE RELATIVELY PASSIVE, ALTHOUGH THE GOB WILL WANT TO DEFEND ITS VIEW THAT SELA BE NONCONFRONTATIONAL. END SUMMARY:

2. MEXICAN VISIT. A FONMIN DESK OFFICER, IN DISCUSSION WITH ECONOFF, CLAIMED THAT THE JULY 14 VISIT TO BRASILIA BY MEXICO'S MINISTER OF NATIONAL PATRIMONY ALEJO WAS PRECEDED BY ONLY TWO DAYS ADVANCE NOTICE (REF. E). THE MAIN OBJECTIVES OF THE VISIT WERE TO DISCUSS SELA WITH FONMIN SILVEIRA AND TO DELIVER TO PRESIDENT GEISEL A PERSONAL MESSAGE FROM MEXICAN PRESIDENT ECHEVERRIA. ALEJO ALSO MET WITH MINISTER OF MINES AND ENERGY UEKI. AN ASSISTANT TO UEKI TOLD ECONOFF THAT ALEJO'S PURPOSE IS SEEING UEKI WAS TO ASK QUESTIONS ABOUT BRAZIL'S NUCLEAR PROGRAM, IN WHICH ALEJO SHOWED GREAT INTEREST, AND ABOUT BRAZIL'S SYSTEM OF STATE-CONTROLLED COMPANIES IN THE MINERALS AND ENERGY FIELD (E.G., ELECTROBRAS). ALEJO DID NOT HOLD A PRESS CONFERENCE IN BRASILIA, NOR WAS A JOINT COMMUNIQUE ISSUED.

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3. VENEZUELAN VISIT. VENEZUELA'S FONMIN RAMON ESCOVAR SALOM CARRIED OUT A MUCH-PUBLICIZED FOUR-DAY OFFICIAL VISIT TO BRAZIL FROM JULY 14 TO JULY 17. TOPICS OF THE MEETING WITH SILVEIRA WERE BILATERAL ECONOMIC COOPERATION, SELA AND WORLD ISSUES. ESCOVAR SALOM ALSO CALLED ON PRESIDENT GEISEL, SENATE PRESIDENT MAGALHAES PINTO, AND THE MINISTERS OF FINANCE, INTERIOR, MINES AND ENERGY, AND PLANNING. IN RIO HE MET WITH THE BRAZILIAN ACADEMY OF LETTERS, AND IN SAO PAULO HE CALLED ON

GOVERNOR PAULO EGYDIO MARTINS AND MET WITH BUSINESSMEN. SILVEIRA AND ESCOVAR SALOM REITERATED THE POSITION OF THEIR COUNTRIES IN DEFENSE OF NATURAL RESOURCES IN THEIR TERRITORIES AND REAFFIRMED THE SOVEREIGN RIGHT OF THEIR UTILIZATION. SILVEIRA ACCEPTED ESCOVAR SALOM'S INVITATION TO VISIT VENEZUELA. NO JOINT COMMUNIQUE WAS ISSUED AT THE END OF THE VISIT.

4. AN ITAMARATY OFFICAL TOLD ECONOFF THAT PERSONAL REAPPOROT BETWEEN THE TWO MINISTERS HELPED TO PROMPT THE VISIT, FOR WHICH THE BUREAUCRACY HAD TO COME UP WITH "SOMETHING TO TALK ABOUT". ANOTHER ITAMARATY OFFICIAL, CLOSE TO THE FOREIGN MINISTER, PLACED THE VISIT IN CONTEXT OF PREVIOUS VISITS BY RANKING VENEZUELAN OFFICIALS, ALL OF WHICH LOOKED TOWARD THE CREATION OF COMMERCIAL INFRASTRUCTURE BETWEEN THE TWO COUNTRIES AS A BASIS FOR EVENTUAL CLOSER POLITICAL RELATIONS. IN THIS SENSE, THE OFFICIAL OBSERVED, THE ESCOVAR SALOM VISIT WAS ULTIMATELY POLITICAL IN INTENT.

5. THE TWO MINISTERS AGREED ON THE ESTABLISHMENT OF A MIXED COMMISSION FOR ECONOMIC AND TECHNICAL COOPERATION THAT WOULD GIVE SPECIAL ATTENTION TO ECONOMIC, TECHNICAL AND FINANCIAL INTERCHANGE. A VENEZUELAN EMBASSY OFFICIAL TOLD ECONOFF THAT THERE ARE NOT YET ANY SPECIFIC IDEAS FOR THE MIXED COMMISSION TO CONSIDER, BUT THE COMMISSION IS EXPECTED TO HAVE ITS FIRST MEETING IN CARACAS VERY SHORTLY. AT HIS JULY 16 PRESS CONFERENCE, ESCOVAR SALOM WAS REPORTED TO HAVE SAID THAT VENEZUELA IS INTERESTED IN FORMING LATIN AMERICAN MULTINATIONAL ENTERPRISES, BUT NOTED THAT THIS COULD NOT BE DONE "IN ONE HOUR".

6. THE CHIEF OF THE FONMIN'S AMERICAS II (NORTH COAST) DIVISION, MINISTER JOAQUIM IGNACIO AMANONAS MACDOWELL, TOLD ECONOFF THAT THE ADVENT OF CLOSER BILATERAL RELATIONS WITH VENEZUELA--WHAT LIMITED OFFICIAL USE

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JOURNALISTS HAVE CALLED "APPROXIMATION" (APPROXIMACAO)--IS A RESULT OF THREE FACTS: A) THE PRESENT VENEZUELAN GOVERNMENT DOES NOT HAVE THE "PREJUDICE" OF PREVIOUS GOVERNMENTS B) VENEZUELA IS BRAZIL'S SECOND LARGEST MARKET IN SOUTH AMERICA--EXPORTS TO VENEZUELA GREW FROM \$40 MILLION IN 1973 TO \$120 MILLION IN 1974; AND C) NATURAL FACTORS (WHICH EMBASSY TAKES TO INCLUDE BETTER RELATIONS BETWEEN NEIGHBORS AND THE MUTUAL INTEREST IN DIALOGUE RESULTING FROM VENEZUELA'S ENHANCED STATUS. HE CALIMED THAT THE TWO COUNTRIES HAD SIMILAR ECONOMIC INTERESTS WHICH MADE POSSIBLE CONCRETE ECONOMIC COOPERATION, AND THIS, IN TURN, USUALLY LEAD TO COMMON GROUND POLITICALLY. HE WAS, THEREFORE, OPTIMISTIC ABOUT "APPROXIMATION", BUT HE SAID HE COULD NOT FORE-SEE THE FUTURE. HE SAID THAT FONMIN SILVEIRA WOULD VISIT CARACAS LATER THIS YEAR OR EARLY NEXT YEAR, BUT THE TIMING DEPENDED ON HOW SOON THE MIXED COMMISSION COULD GENERATE SOME SPECIFIC IDEAS

FOR BINATIONAL COOPERATION. HE NOTED THAT ONE POSSIBILITY WAS A FUND TO WHICH BOTH COUNTRIES WOULD CONTRIBUTE EQUALLY FOR THE FINANCING OF BINATIONAL PROJECTS, PRIMARILY THROUGH JOINT VENTURES.

7. PERUVIAN VISIT. AT HIS OWN REQUEST, ACCORDING TO NEWS REPORTS, PERUVIAN FOMIN MIGUEL ANGEL DE LA FLOR VALLE WILL HAVE A "WORKING VISIT" IN BRASILIA ON JULY 25, ON HIS WAY TO SEVERAL EUROPEAN CAPITALS. THEMES WOULD INCLUDE THE OAS MEETING IN SAN JOSE AND THE SELA PREPARATORY MEETING IN PANAMA CITY, AS WELL AS ISSUES OF BILATERAL INTEREST.

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 519

INFO AMEMBASSY MEXICO CITY

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8. SELA. MOST OF THE PRESS COVERAGE ASSOCIATED WITH THE ALEJO NAD ESCOVAR VISITS WAS DEVOTED TO ALLLEGED DISCUSSIONS AND DEVELOPMENTS RELATED TO SELA, AND TO THE ANNOUNCEMTN OF A SELA PREPARATORY MEETING IN PANAMA CITY COMMENCING JULY 31. THE LIBERAL JORNAL DE BRASILIA, WHICH GA E THE FULLEST COVERAGE TO THE VISITS AND SELA, REPORTED THAT:

-- THE PRINCIPAL POINT WHICH BRAZIL WILL MAKE IN PANAMA CITY IS THAT SELA SHOULD NOT BE AN INSTRUMENT OF CONFRONTATION WITH THE US. BRAZIL WILL ALSO EMPHASIZE THE NECESSSITY OF LIMITED OFFICIAL USE

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CREATING MECHANISMS WHICH WILL FACILITATE REGIONAL COOPERATTION AND WILL OVERCOME THE CLEARLY PERCEIVED DEFICIENCIES OF LAFTA AND THE OAS.

LITTLE CAN BE SAID ABOUT THE PANAMA MEETING SINCE THE DEBATES ABOUT SELA'S DEFINITION AND ROLE WILL ONLY BEGIN THERE.

-- ALEJO EXCHANGED IDEAS "STILL A LITTLE EMBRYONIC" WITH FONMIN OFFICIAALS.

9. ACCORDING TO THE JORNAL DE BRASILIA, SENATOR VIRGILIO TAVORA (ARENA-CEARA), WHO FREQUENTLY SPEAKS FOR THE GOVERNMENT ON ECONOMIC SUBJECTS, SAID THAT-

-- HE UNDERSTOOD SELA WOULD BE A USEFUL INSTRUMENT FOR THE DEFENSE OF LA EXPORTS OF RAW MATEIALS.

-- AT THE MOMENT THERE EXISTS ONLY FRAMENTARY MEMORANDA ABOUT THE ORGANIZATION AND IT IS NOT POSSIBLE TO MAKE AN A PRIORI JUDGMENT ABOUT IT.

-- SELA WILL BE AN ORGANISM OF ECONOMIC COOPERATION DESIGND TO PERMIT SPECIFIC ACTIONS WHICH WILL REQUIRE THE FULL ACQUIESCENCE IN EACH CASE OF ALL INTERESTED PARTIES.

-- SELA'S OBJECTIVES WILL BE MORE CLEARLY DEFINED AT THE PANAMA CITY MEETING WHICH WILL CREATE A COMMISSION TO STUDY THE CREATION OF THE ORGANIZATION.

10. ON JULY 18, FONOFF ECON DEPT AND OAS DIVISION OFFICIALS DESCRIBED TO ECONOFF THE GOB'S UNDERSTANDING OF THE STATE OF PLAY REGARDING SELA:

-- THE GOB BELIEVES THAT THE PANAMA MEETING SHOULD DISCUSS IDEAS: SELA'S FORMAL CREATION SHOUL COME LATER. BRAZIL PLANS TO LISTEN IN PANAMA CITY BUT NOT TO PROPOSE ANYTHING. BRAZIL WANTS TO KNOW MORE ABOUT WHAT SELA WOULD DO, HOW IT WOULD FUNCTION AND BE ORGANIZED, AND HOW IT WOULD INTERFACE WITH OAS, LAFTA, AND CECLA. SELA WOULD HAVE A SMALL SECRETARIAT, BUT HOW STRONG IT WOULD BE HAS NOT BEEN DETERMINED. MINISTERIAL MEETINGS MIGHT OCCUR ONCE OR TWICE A YEAR.

-- PANAMA HAS PUSHED TOO RAPIDLY FOR SELA'S CREATION, PERHAPS BECAUSE THAT COUNTRY "HAS NOTHING TO LOSE". MEXICO AND VENEZUELA HAVE BEEN TRYING TO MODERATE PANAMA'S ENTHUSIASM.

-- MEXICO IS TRYING TO CLEAR UP WITH PANAMA THE CONFUSION ABOUT THE PURPOSES OF THE JULY 28 TECHNICAL MEETING AND THE JULY 31 POLITICAL MEETING. THE TECHNICAL MEETING WOULD NOT HAVE ENOUGH TIME, THE GOB BELIEVES, TO PRODUCE DRAFT TEXTS LIMITED OFFICIAL USE

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OF POSITIONS OR DECLARATIONS FOR THE POLITICAL SESSION. ALEJO'S VISIT TO BRAZIL HAD THE PURPOSE OF TRYING TO CLARIFY THE CONFUSION.

-- SELA WOULD BE AUTHORIZED TO ENGAGE IN VARIOUS MULTINATIONAL PROJECTS, BUT THE GOB KNOWS OF NO SPECIFIC IDEAS NOR DOES IT PLAN AT THIS POINT TO PROPOSE ANY.

-- THE GOB BELIEVES THAT SELA SHOULD NOT BE A FORUM FOR RAISING ISSUES AGAINST NONMEMBERS. THE GOB HOPES THAT ARGENTINA WOULD NOT RAISE THE SHARED NATURAL RESOURCES ISSUE IN SELA.

11. COMMENT: AS IN OTHER MULTINATIONAL ECONOMIC FORA (E.G., UN-7SS, PRODUCER/CONSUMER DIALOGUE), THE GOB'S APPARENT STRATEGY ON SELA IS LOW-PROFILE, PASSIVE SUPPORT FOR THE CONSENSUS WORKED OUT BY OTHER, MORE ACTIVE PARTICIPANTS. THE GOB DOES SEEM TO WANT TO PROCEED CAUTIOUSLY, HOWEVER, SO THAT IT CAN ASSESS THE IMPACT OF ALTERNATIVE ORGANIZATIONAL PROPOSALS IN LIGHT OF BRAZILIAN INTERESTS. ONE OF THESE INTERESTS IS THAT SELA NOT BE A FORUM FOR ISSUES WHICH WOULD BE CONTROVERSIAL FOR BRAZIL, FOR EXAMPLE PERUVIAN-TYPE FORMULATIONS OF COLLECTIVE ECONOMIC SECURITY OR ARGENTINE-TYPE PROPOSALS ON SHARED NATURAL RESOURCES.

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